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ARK-LA-TEX REGIONAL EXPORT & TECHNOLOGY CENTER, INC.

FINANCIAL STATEMENTS AND AUDITOR'S REPORTS

JUNE 30, 1999 & JUNE 30, 1998

Under provisions of state law, this report is a public document. A copy of the report has been submitted to the audited, or reviewed, entity and other appropriate public officials. The report is available for public inspection at the Baton Rouge office of the Legislative Auditor and, where appropriate, at the office of the parish clerk of court

Release Date FEB 23 2000

ARK-LA-TEX REGIONAL EXPORT & TECHNOLOGY CENTER, INC.

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G E O R G E E. M C G O V E R N III
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George E. McGovern III C.P.A.
George A. Burton, Jr. C.P.A.

November 20, 1999

Independent Auditor's Report

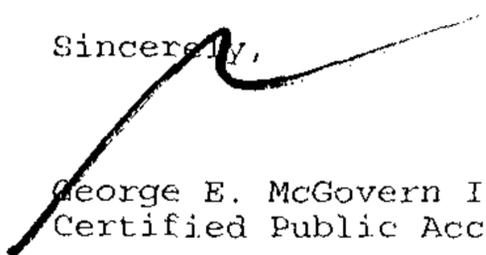
To the Board of Directors of
Ark-La-Tex Regional Export & Technology Center, Inc. (ARETC)
Shreveport, LA

I have audited the accompanying statements of financial position of Ark-La-Tex Regional Export & Technology Center, Inc. (a nonprofit organization) as of June 30, 1999 & June 30, 1998, and the related statements of activities & functional expenses, and cash flows for the years then ended. These financial statements are the responsibility of the Organization's management. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with generally accepted auditing standards; *Government Auditing Standards*, issued by the Comptroller General of the United States; and the provisions of Office of Management and Budget Circular A-133, "Audits of Institutions of Higher Education and Other Nonprofit Institutions". Those standards require that I plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. I believe that my audit provides a reasonable basis for my opinion.

In my opinion, the financial statements referred to above present fairly, in all material respects, the financial position of ARETC as of June 30, 1999 & June 30, 1998, and the changes in its net assets and its cash flows for the years then ended in conformity with generally accepted accounting principles. In accordance with *Government Auditing Standards*, I have also issued a report dated November 20, 1999 on my consideration of the Company's compliance with laws and regulations.

Sincerely,


George E. McGovern III
Certified Public Accountant

ARK-LA-TEX REGIONAL EXPORT & TECHNOLOGY CENTER, INC.
 STATEMENTS OF FINANCIAL POSITION
 JUNE 30, 1999 & JUNE 30, 1998

	<u>1999</u>	<u>1998</u>
ASSETS		
Accounts Receivables - CDC	\$ 5,432	\$ 0
Total Assets	<u>\$ 5,432</u>	<u>\$ 0</u>
 LIABILITIES AND NET ASSETS		
Vacation Payable	\$ 5,432	\$ 0
Total Liabilities	5,432	0
Net Assets	<u>0</u>	<u>0</u>
Total Liabilities and Net Assets	<u>\$ 5,432</u>	<u>\$ 0</u>

The accompanying notes are an integral part of these statements.

ARK-LA-TEX REGIONAL EXPORT & TECHNOLOGY CENTER, INC.
 STATEMENTS OF ACTIVITIES & FUNCTIONAL EXPENSES
 FOR THE YEARS ENDING JUNE 30, 1999 & JUNE 30, 1998

	<u>1999</u>	<u>1998</u>
Revenues		
Rent	\$ 19,526	\$ 874
Contribution from The Coordinating & Development Corporation (Note B)	<u>66,317</u>	<u>62,947</u>
Total Revenues	<u>85,843</u>	<u>63,821</u>
Expenditures		
Fringe Benefits	14,343	7,123
Salaries	37,800	35,438
Travel	425	637
Office	4,458	9,132
Education	1,348	200
Rent	27,224	11,291
Miscellaneous	<u>245</u>	<u>0</u>
Total Expenditures	<u>85,843</u>	<u>63,821</u>
Revenues in Excess of Expenditures	0	0
Net Assets @ Beginning of Year	<u>0</u>	<u>0</u>
Net Assets @ End of Year	<u>\$ 0</u>	<u>\$ 0</u>

The accompanying notes are an integral part of these statements.

ARK-LA-TEX REGIONAL EXPORT & TECHNOLOGY CENTER, INC.
 STATEMENTS OF CASH FLOWS
 FOR THE YEARS ENDING JUNE 30, 1999 & JUNE 30, 1998

	<u>1999</u>	<u>1998</u>
Cash Flows from Operating Activities		
Increase in Net Assets	\$ 0	\$ 0
Depreciation & Amortization	<u>0</u>	<u>0</u>
Net Cash From Operating Activities	0	0
Increase in Accounts Receivable - CDC	(5,432)	0
Increase in Vacation Payable	5,432	0
Cash Flows Used by Investing Activities		
Purchase of Equipment	<u>0</u>	<u>0</u>
Net Cash Used by Investing Activities	0	0
Increase (Decrease) in Cash	0	0
Cash @ Beginning of Year	<u>0</u>	<u>0</u>
Cash @ End of Year	<u><u>\$ 0</u></u>	<u><u>\$ 0</u></u>

Note: The Company considers all maturities less than three months to be cash equivalents and no income taxes or interest were paid.

The accompanying notes are an integral part of these statements.

ARK-LA-TEX REGIONAL EXPORT & TECHNOLOGY CENTER, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 1999 & JUNE 30, 1998

NOTE A - ACCOUNTING POLICIES

The accompanying financial statements have been prepared on a modified accrual basis, whereby all revenues are recognized when susceptible to accrual and expenditures are recorded when the related fund liability is incurred. Ark-La-Tex Regional Export & Technology Center, Inc. (ARETC) uses funds to report on its financial position and the results of operations. Fund accounting is designed to demonstrate legal compliance and to aid financial management by segregating transactions related to certain grants/programs/division. A fund is a separate accounting entity with a self-balancing set of accounts. Governmental funds are used to account for all of ARETC's activities.

ARETC is a private, not-for-profit, IRS Section 501(c)(3) Corporation. The Corporation operates primarily in the ten parishes of Northwest Louisiana. It is governed by an elected Board of Directors and provides business, industrial and economic development to both the private sectors and area governments. The Company was incorporated on 5/24/95.

Depreciation - Depreciation is provided on the straight line method over the useful life of the asset. The assets and land are recorded at cost.

	<u>Life</u>
Automobile	5 years
Equipment	5-10 years
Building & Improvements	20-40 years

The Company capitalized all assets with a cost greater than \$500 and a life in excess of one year.

Cash - The Company considers all highly liquid debt instruments with a maturity of three months or less to be cash equivalents.

Capitalized Interest - The Company did not capitalize any interest during this period.

Advertising - The Company expenses non-direct response advertising as incurred.

Budgets - Budgets are not required.

Impairment - The carrying value of property, equipment and intangibles is evaluated periodically in relation to the operating performance and future undiscounted cash flows of the underlying businesses. Adjustments are made if the sum of expected future cash flows is less than book value. For the years presented, no adjustment was necessary.

Vacation - The Company reimburses its employees for unused vacation time.

NOTE B - AFFILIATIONS

The Company is affiliated with three nonprofit entities and one for-profit entity.

NOTE C - MANAGEMENT

The Company uses some of The Coordinating and Development Corporation's (CDC) employees to perform its duties and reimburses CDC for their cost.

ARK-LA-TEX REGIONAL EXPORT & TECHNOLOGY CENTER, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 1999 & JUNE 30, 1998

NOTE D - ESTIMATES

The preparation of financial statements in conformity with generally accepted accounting principles required management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

NOTE E - FAIR VALUE OF FINANCIAL INSTRUMENTS

The fair value of financial instruments approximates the carrying (book) value because of the short maturity of these assets.

NOTE F - OPERATIONS

The Company is dependent upon the ten parishes in NW Louisiana economic growth/needs.

NOTE G - RELATED PARTY RENTAL

The Company entered into a 30 day lease for a facility from an affiliated company on May 30, 1998. Total rentals paid for this year was \$27,224.

An affiliated company has committed to advance funds to the Company for its vacation pay accrual. The total contributions from this Company for both fiscal years were \$62,947 and \$66,317.

NOTE H - YEAR 2000

In accordance with GASB TB 98-1, the Company has recognized potential short comings in their electronic data-processing systems and other equipment that might adversely effect their operations in the year 2000 and beyond. The following summarizes the Company's position at the end of fiscal year 1998.

Awareness Stage - The Company has developed a budget and time frame for implementation of the project plan to occur no later than 12/15/99.

Assessment Stage - The Company anticipates this to take place during the last six months of 1999. A dual system is running offsite to assure compliance.

Remediation Stage and Validation/Testing Stage will take place in the year 1999.

G E O R G E E. M C G O V E R N I I I

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George E. McGovern III C.P.A.
George A. Burton, Jr. C.P.A.

November 20, 1999

Independent Accountant's Report

REPORT ON COMPLIANCE AND ON INTERNAL CONTROL
OVER FINANCIAL REPORTING BASED ON AN AUDIT OF
FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE
WITH GOVERNMENT AUDITING STANDARDS

To the Board of Directors of
Ark-La-Tex Regional Export & Technology Center, Inc. (ARETC)

I have audited the financial statements of Ark-La-Tex Regional Export & Technology Center, Inc. (ARETC) (a nonprofit organization) as of and for the years ended June 30, 1999 & June 30, 1998, and have issued my report thereon dated November 20, 1999. I conducted my audit in accordance with generally accepted auditing standards and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether Ark-La-Tex Regional Export & Technology Center, Inc.'s (ARETC) financial statements are free of material misstatement, I performed tests of its compliance with certain provisions of laws, regulations, contracts, and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of my audit, and accordingly, I do not express such an opinion. The results of my tests disclosed no instances of noncompliance that are required to be reported under *Government Auditing Standards*.

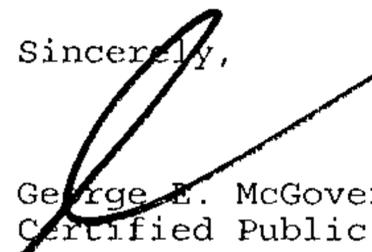
Internal Control Over Financial Reporting

In planning and performing my audit, I considered Ark-La-Tex Regional Export & Technology Center, Inc.'s (ARETC) internal control over financial reporting in order to determine my auditing procedures for the purpose of expressing my opinion on the financial statements and not to provide assurance on the internal control over financial reporting. My consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. I noted no matters involving the internal control over financial reporting and its operation that I consider to be material weaknesses.

Board of Directors of
Ark-La-Tex Regional Export & Technology Center, Inc. (ARETC)
November 20, 1999
Page 2

This report is intended for the information of the management, federal awarding agencies, legislative auditor, and pass-through entities. However, this report is a matter of public record and its distribution is not limited.

Sincerely,



George E. McGovern III
Certified Public Accountant